

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:564
ANSWERED ON:31.08.2001
CREDIT RATING BY STANDARD AND POORS
M.V.V.S MURTHI;SHIVAJI MANE

Will the Minister of FINANCE be pleased to state:

- (a) whether credit rating agency Standard and Poors downgraded India`s sovereign credit rating for foreign currency;
- (b) if so, the details thereof;
- (c) whether the Government have identified the reasons for lowering India`s credit rating at international level;
- (d) the likely effects of such ratings on Foreign Direct investment flow in the country; and
- (e) the steps being taken by the Government to improve its position ?

Answer

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA) :

- (a) and (b) Standard and Poor`s on 7th August, 2001 affirmed its BB long-term and Bshort-term foreign currency sovereign credit ratings on India. The outlook on the long-term rating was revised from stable to negative.
- (c) The revision of S and P`s outlook is based,inter-alia,on theirperception about public finances and the deceleration in GDP growth.
- (d) It is not likely to have an appreciable impact on foreign direct investment flows.
- (e) Government has initiated several measures to improve the fiscal situation of the center and states.